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ABSTRACT

This briefing document summarizes issues on simplifying need analysis and delivery in the context of Higher Education Act reauthorization proposals. First, brief summaries of seven key issues are presented followed by three or four recommendations for each issue, and a list of recommended actions as proposed by the Department of Education and the College Entrance Examination Board in a format that allows easy comparison with the recommendations of the Advisory Committee on Student Financial Assistance. The seven issues identified are: (1) effect of free federal processing of student aid applications on numbers of needy families applying; (2) low usage by eligible families of the simplified needs test; (3) redundancy and confusion due to use of several need analysis models; (4) the need to reduce or eliminate complex routines, treatments and terminology; (5) the need for simplification of the reapplication process; (6) ambiguity in federal information about Title IV programs; and (7) the potential of unintended consequences in significant budgetary and redistributive effects. (JB)

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Simplifying Need Analysis and Delivery: A Comparison of Reauthorization Proposals

Briefing Document

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Advisory Committee on Student Financial Assistance

June 1991

U.S. DEPARTMENT OF EDUCATION
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KEY ISSUES

- Application fees represent an important barrier to equal access, especially for at-risk students. Less than 40% of all applicants use free federal processing, although all application forms contain a free federal core. Worse yet, less than 2% of the students filing through MDEs which charge fees take advantage of free federal processing. ***Will free federal processing for needy families increase?***

- Only 17.5% of the 2.3 million students currently eligible for simplified need analysis use it. The percentage is even lower--approximately 9%--for students who apply using MDE applications. Many more students should be able to qualify and benefit from it. ***Will eligibility for and use of the simplified needs test in the law since 1986 increase?***

- Currently, two need analysis models yield at least two, and as many as four expected family contribution figures for needy students. Redundancy and confusion add complexity and potential barriers to the financial aid delivery system. ***Will the number of need analysis models and/or results be reduced?***

- Low- and middle-income students are still required to submit complex and irrelevant data for analyses that use elaborate routines and treatments with little bearing on the calculated family contribution for these populations. ***Will complex routines, treatments and terminology be reduced or eliminated?***

- The majority of needy students who are already in the system and merely reapplying for federal student aid must start from scratch with a blank form and pay a fee. ***Will reapplication complexity and burden be reduced?***

- Currently, at-risk students receive inadequate and conflicting information from a variety of sources about college costs and financial aid. There is no coherent federal strategy in this area. ***Will complexity and ambiguity of federal information about Title IV programs be reduced or eliminated?***

- Proposals to simplify the models, forms and processes of the student aid delivery system should not have unintended consequences. ***Will significant budgetary and redistributive effects be avoided?***

Advisory Committee Recommendations

Will free federal processing for needy families increase?	• Reaffirms free federal processing now in law. • Creates incentives for states and institutions to use it. • Monitors delivery system to ensure implementation.
Will eligibility for and use of the simplified needs test in the law since 1986 increase?	• Promotes full implementation of the simplified needs test. • Extends eligibility at least to $20,000 AGI--possibly $30,000 AGI. • Simplifies for AFDC families and those under $10,000 AGI. • Simplifies for 3.25 million dependent and independent students.
Will the number of need analysis models and/or results be reduced?	• Calls for use of one need analysis model and result. • Would use Pell or CM model as a foundation. • Removes minimum student contribution from the formula.
Will complex routines, treatments and terminology be reduced or eliminated?	• Streamlines the independent student definition. • Removes dislocated worker/displaced homemaker treatments. • Treats VA educational benefits uniformly as a resource. • Proposes no additional routines or new terminology.
Will reapplication complexity and burden be reduced?	• Eliminates "blank form and fee" approach for 3.6 million students. • Initiates a pilot electronic reapplication project. • Introduces streamlined non-electronic reapplication procedures.
Will complexity and ambiguity of federal information about Title IV programs be reduced?	• Restructures/rationalizes federal information dissemination. • Calls for early needs and eligibility assessment. • Coordinates information dissemination from various sources. • Expands training of high school counselors, TRIO staff and others.
Will significant budgetary/redistributive effects be avoided?	• Uses Pell or CM to minimize effects of integration. • Avoids significant changes to allowances or routines. • Focuses changes on families with zero or near-zero contributions.

ED Recommendations

Will free federal processing for needy families increase?	• Continues free federal processing now in law. • Replaces MDE structure with single processor. • Appears to require use of a single federal form.
Will eligibility for and use of the simplified needs test in the law since 1986 increase?	• Continues the simplified needs test. • No recommendations regarding full implementation. • No recommendations regarding extending eligibility. • No recommendations regarding further streamlining.
Will the number of need analysis models and/or results be reduced?	• Proposes one model with one result. • Would use the CM model as a foundation. • Maintains and complicates minimum student contribution.
Will complex routines, treatments and terminology be reduced or eliminated?	• Modifies and complicates the independent student definition. • Recommends some commonly agreed upon technical refinements. • Proposes no new allowances. • Proposes no new terminology.
Will reapplication complexity and burden be reduced?	• Continues "blank form" approach. • No recommendations regarding ED reapplication systems. • No recommendations regarding institutional reapplication.
Will complexity and ambiguity of federal information about Title IV programs be reduced?	• No recommendations regarding current Title IV information. • No recommendations regarding "early notice...of eligibility." • No recommendations regarding federal role in Title IV information. • No recommendations regarding federal role in consumer data.
Will significant budgetary/redistributive effects be avoided?	• Use of modified CM appears to minimize effects of integration. • Avoids significant changes to allowances or routines. • Focuses changes on families with zero or near-zero contributions.

CEEB/CSS Recommendations

Will free federal processing for needy families increase?	• No recommendations regarding free processing. • No recommendations regarding MDE structure. • Encourages experimentation with non-common forms/mechanisms.
Will eligibility for and use of the simplified needs test in the law since 1986 increase?	• Repeals the simplified needs test currently in law. • Targets 2 million fewer students than now eligible for SNT. • Provides automatic eligibility for AFDC recipients. • Proposes a "by-pass" based on eligibility for Earned Income Credit.
Will the number of need analysis models and/or results be reduced?	• Proposes one model with two results. • Uses modified CM to determine federal eligibility. • Maintains and increases minimum student contribution.
Will complex routines, treatments and terminology be reduced or eliminated?	• Recommends several commonly agreed upon technical refinements. • Introduces complex changes to subroutines within the model. • Implies considerable modifications to tables and updating methods. • Renames existing components of federal need analysis.
Will reapplication complexity and burden be reduced?	• Continues "blank form and fee" approach. • No recommendations regarding ED reapplication systems. • Encourages experimentation with non-common reapplication.
Will complexity and ambiguity of federal information about Title IV programs be reduced?	• No recommendations regarding current Title IV information. • No recommendations regarding "early notice...of eligibility." • No recommendations regarding federal role in Title IV information. • No recommendations regarding federal role in consumer data.
Will significant budgetary/redistributive effects be avoided?	• Proposes changes in allowances with budgetary/redistributive effects. • Includes unspecified changes with significant budget impact likely. • Focuses changes on all families with likely redistributive effects.